

DENNIS J. KUCINICH
10TH DISTRICT, OHIO

2445 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-5871

14400 DETROIT AVENUE
LAKEWOOD, OHIO 44107
(216) 228-8850

PARMATOWN MALL
7904 DAY DRIVE
PARMA, OH 44129
(440) 845-2707



Congress of the United States
House of Representatives

www.kucinich.house.gov

RANKING MEMBER
SUBCOMMITTEE ON REGULATORY AFFAIRS,
STIMULUS OVERSIGHT AND GOVERNMENT
SPENDING

COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM

COMMITTEE ON EDUCATION AND THE
WORKFORCE

The Federal Reserve failed to act strongly enough. It failed the American people.

Dear Colleague,

Today the House of Representatives will vote on H.R. 459, the Federal Reserve Transparency Act. The LIBOR scam affects the pricing for trillions of dollars of loans and contracts. One way or another, it affects all of us. Some of the scam happened on U.S. soil. It happened on the Federal Reserve's watch. Financial markets work on trust. When trust evaporates, confidence evaporates, trade evaporates, jobs evaporate.

As soon as the Federal Reserve Bank of New York knew dishonesty was going on, they should have done more than send an e-mail to the Bank of England. The Federal Reserve failed to act strongly enough. It failed the American people. As The Washington Post reported last night:

"...the Federal Reserve Bank of New York, did not communicate in key meetings with top regulators that British bank Barclays had admitted to Fed staffers that it was rigging LIBOR, according to people familiar with the matter.

Instead, regulators at the Commodity Futures Trading Commission and the Justice Department worked largely without the Fed's help to build a case against Barclays. That work has culminated in a massive scandal rocking the banking industry on both sides of the Atlantic."

We know the scam was going on for a long time. On July 11, 2012, The New York Times reported that traders were calling Barclays staff to submit LIBOR rates that would benefit them back in 2006 and 2007. Those calls were made from New York.

We know that two U.S. banks are currently under investigation, both of which are members of the Federal Reserve Bank of New York. We know the suggestions the Federal Reserve Bank of New York sent in the e-mail to the Bank of England were similar to the suggestions they received from their member banks who participate in the LIBOR fixing: the very same banks that are currently under investigation.

LIBOR happened on the Fed's watch, with its knowledge. Early evidence indicates a lack of action that may have cost the American people and our economy deeply. These are not the hallmarks of a government entity that is above Congressional scrutiny. It is time to fully audit the Federal Reserve System.

I urge you to support H.R. 459.

Sincerely,

Dennis J. Kucinich
Member of Congress